

FRANCHISE IMPOUND AGREEMENT

This agreement is made and entered into this _____ day of _____, 20 _____,

by and between _____, hereinafter referred to as the "Franchisor,"

and _____, hereinafter referred to as the "Depository":

WITNESSETH:

The franchisor warrants that it has applied for authority from the Administrator of Securities of the state of Washington, hereinafter referred to as the "State," to sell certain franchises of its own use, and it is agreed by all parties concerned:

- (1) That the depository shall create a special escrow account to be designed the _____ Impound Account, hereinafter referred to as "Account."
- (2) That the franchisor shall deposit into said account 100% of the moneys received from the sale of Washington franchises within forty-eight (48) hours of receipt of such funds.
- (3) That with the deposits made into the account, there shall be included a list of the persons who have purchased a franchise, showing name, date, address, and the amount paid by each franchisee. All funds so deposited shall remain the property of the franchisee and shall not be subject to judgments or creditors' claims against the franchisor until released to said franchisor. Checks for the payment of franchises shall be made payable to the depository.
- (4) That the depository shall not release any funds from the account except as authorized in writing by the state.
- (5) That upon receipt of the amount required to be deposited in the account by the provisions of Item (2) above, the depository will notify the Administrator of Securities and will deposit all the funds into the account.
- (6) That the state shall authorize the release of that amount that has been deposited which is 100% of the franchise fee, that the franchisee has paid, upon the opening of the franchisee's business and upon written notice of this fact, to the state, by the franchisee.
- (7) That in the event that the franchisor defaults on any condition of the permit issued, or this agreement, that state may order restitution of funds on a pro-rata basis to the franchisees herein before referred to in Item (3), and the depository shall be entitled to rely upon the order furnished it by the state and may pay and distribute the funds pursuant to the order, with full permission of the franchisor.
- (8) That the depository agrees to keep the funds deposited in the account separate and apart from any other account the franchisor may have.

- (9) That other than establishing and maintaining said impound account under and pursuant to all applicable banking laws and regulations of the state of Washington, the depository shall have no further liability or responsibility whatsoever.
- (10) That the depository is performing the limited function of depository and this fact in no way means that the depository has passed in any way upon the merits of, qualification or, or recommended, or given approval to, any person, security, franchise or transaction.
- (11) That the name of the depository shall not be used in any way that may infer an association with the franchisor other than that of legal depository.

This agreement is to be drawn and executed by the franchisor and the depository in sufficient copies so that one (1) executed copy can and will be filed with the Administrator of Securities, Olympia, Washington.

IN WITNESS WHEREOF, the parties hereto have signed this agreement the day and year first above written.

(Name of Franchisor)

Signature

By _____

(Name of Bank)

Signature

By _____

Given under my hand and official seal this _____ day of _____ A.D. _____.

NOTARY PUBLIC IN AND FOR THE STATE OF

Residing at _____

My commission expires _____